

YOUTH SERVICES
DEPARTMENT OF PUBLIC SAFETY
AND CORRECTIONS
STATE OF LOUISIANA



PROCEDURAL REPORT
ISSUED JANUARY 23, 2008

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDIT ADVISORY COUNCIL

SENATOR EDWIN R. MURRAY, CHAIRMAN
REPRESENTATIVE CEDRIC RICHMOND, VICE CHAIRMAN

SENATOR WILLIE L. MOUNT
SENATOR BEN W. NEVERS, SR.

LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

DIRECTOR OF FINANCIAL AUDIT
PAUL E. PENDAS, CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Six copies of this public document were produced at an approximate cost of \$13.86. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.lla.state.la.us. When contacting the office, you may refer to Agency ID No. 9544 or Report ID No. 07702190 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225-339-3800.



STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

December 10, 2007

**YOUTH SERVICES
DEPARTMENT OF PUBLIC SAFETY
AND CORRECTIONS
STATE OF LOUISIANA
Baton Rouge, Louisiana**

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the Department of Public Safety and Corrections, Youth Services, for the period July 1, 2005, through June 30, 2007. Our procedures included (1) a review of the office's internal controls; (2) tests of financial transactions; and (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities. Our procedures were more limited than would be necessary to give an opinion on internal control and on compliance with laws, regulations, policies, and procedures governing financial activities.

Specifically, we interviewed management personnel and selected office personnel and evaluated selected documents, files, reports, systems, procedures, and policies, as we considered necessary. After analyzing the data, we developed recommendations for improvement. We then discussed our findings and recommendations with appropriate management personnel before submitting this written report.

The Annual Fiscal Reports of the Department of Public Safety and Corrections, Youth Services, were not audited or reviewed by us, and, accordingly, we do not express opinions on those reports. The office's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

Based on the application of the procedures referred to previously, all significant findings are included in this report for management's consideration.

Misappropriation of Funds

The Department of Public Safety and Corrections, Youth Services, identified a misappropriation of funds totaling \$23,689. Louisiana Revised Statute 14:67 defines theft as the misappropriation of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations.

An investigation by Youth Services' Project Zero Tolerance officers and State Police determined that between July 1, 2005, and February 3, 2006, an employee at the Jetson Center for Youth made \$14,531 of unauthorized purchases on LACARTE purchasing

cards, \$2,546 of unauthorized purchases on gasoline credit cards, and \$6,612 of unauthorized use of inmate welfare funds. The former employee was arrested on February 3, 2006, and on August 29, 2006, was charged with theft. The department notified the East Baton Rouge District Attorney and the Louisiana Legislative Auditor of the misappropriation in a letter dated February 14, 2006. The theft was identified by the department and management has taken additional steps to strengthen the controls in place to prevent future thefts.

The department should continue to seek improvements in its controls over card access and the use of inmate welfare funds. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A).

The recommendation in this report represents, in our judgment, that most likely to bring about beneficial improvement to the operations of Youth Services. The nature of the recommendation, its implementation costs, and its potential impact on the operations of Youth Services should be considered in reaching decisions on courses of action.

This report is intended solely for the information and use of Youth Services and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

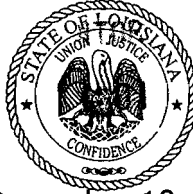
JES:ES:PEP:sr

DPSCYS07

Management's Response

OFFICE OF YOUTH DEVELOPMENT

KATHLEEN BABINEAUX BLANCO, GOVERNOR



SIMON G. GONSOULIN, DEPUTY SECRETARY

December 10, 2007

Steven J. Theriot, CPA
Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

This letter serves as the Office of Youth Development's (OYD) response to the procedural report issued by your office. We appreciate the work of your staff and hope that you recognize our commitment to the youth placed in our custody.

OYD agrees with the finding and recommendation contained in the report. Our response to the finding is below.

"Misappropriation of Funds"

When the allegations of theft arose, OYD immediately began an investigation conducted by our Project Zero Tolerance officers and turned the investigation over to State Police at the appropriate time. We pursued prosecution through the District Attorney and have received full restitution.

It should be noted that the internal controls in place over purchasing were effective in that the theft was discovered by an OYD employee through the normal course of operations. Because the perpetrator was the Business Manager, some of the controls were easily circumvented, which enabled the theft to continue for as long as it did. However, we have taken steps to improve existing internal controls over purchasing, and will continue to seek additional measures to prevent future crimes of this nature. We have also added an Internal Auditor who will offer further recommendations on strengthening internal controls.

Changes to internal control in place over purchasing as a result of the theft are as follows:

- The majority of purchasing has been centralized.
- The number of purchasing cards issued to facilities and regional offices has been reduced.

7919 Independence Boulevard • State Police Building • Baton Rouge, LA 70806

Post Office Box 66451 • Baton Rouge, LA 70896

WWW.OYD.LOUISIANA.GOV


AN EQUAL OPPORTUNITY EMPLOYER

- All purchases must be approved by the Facility Director/Regional Manager, Purchasing Director, and Deputy Undersecretary. Purchase requests at the facility level have been decentralized. Each department enters their own requests as opposed to one person at each facility controlling all purchasing.
- All local bank accounts must be authorized by central office. All signature cards are maintained by central office, as well.
- Monthly purchasing card statements are received and reviewed by central office.

We are confident that the changes made will strengthen the system of controls over purchasing and will help in preventing future crimes involving purchasing.

Thank you for the opportunity to respond to your report.

Sincerely,



Simon Gonsoulin
Deputy Secretary